

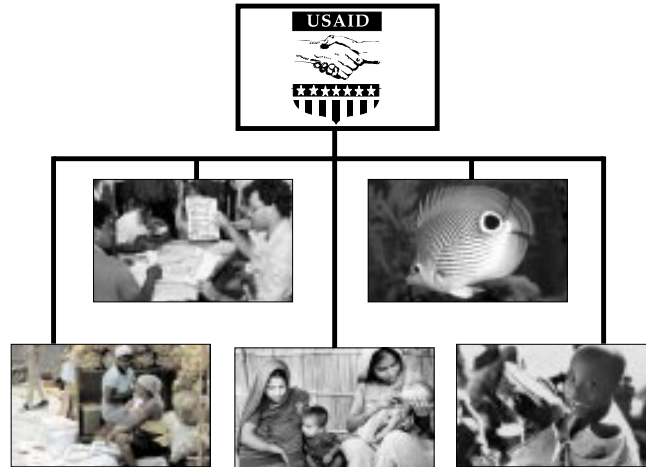
USAID Managing For Results Highlights

Key features of the reengineered USAID that have become apparent during 1995 include:

- A clear and understandable set of Agencywide policies and procedures that infuse a consistent results orientation and customer focus in the planning, implementation, and monitoring and evaluation of all USAID development activities
- An emphasis on participation and teamwork—a recognition that USAID contributes to development by mobilizing and working through partnerships
- An Agency Strategic Framework that articulates clear, Agencywide goals and objectives, performance indicators for assessing progress toward those objectives, and the key program approaches through which USAID assistance contributes
- Clear strategic objectives, with practical performance indicators, for all of our operational programs
- Logical and technically sound “results frameworks” that delineate the hypotheses and assumptions that underlie our interventions
- The review and analysis of results as a key element in program and budget decisions
- Management contracts that explicitly delegate authority to strategic objective teams to flexibly design and manage activities to achieve agreed upon results
- A system that shares performance information openly and transparently throughout the Agency
- More streamlined and consistent reporting—an annual Results Review and Resource Request (R4) will be the basis for performance and budget reviews throughout the Agency.

The Management Bureau led the overall reengineering effort, coordinated development of new management systems, designed and managed reengineering training, and successfully reengineered all of the Agency’s business support system.

The Bureau for Policy and Program Coordination led the development of the Agency’s strategic framework, convened Agencywide indicator workshops, coordinated the development of indicators for Agency goals and objectives, drafted new performance measurement and evaluation policies, helped craft a new results-oriented Congressional Presentation, led planning for the New Partnership Initiative, and implemented a new series of impact evaluations.



7. Managing for Results

During the past year, USAID has made substantial progress in improving its ability to manage for results. The Agency has identified clear goals, objectives, and performance indicators for virtually all its programs. It has continued systematizing the measurement of results and is incorporating this performance information into program and budget decision-making. The Agency has begun redesigning or eliminating less effective programs while expanding activities that more substantially benefit the developing world's poor. Finally, USAID has begun reengineering the way it provides development assistance to more effectively build partnerships, promote teamwork, monitor performance, serve its customers, and empower its employees to achieve and be accountable for results.

Background

Since 1993, USAID has taken a number of significant steps to improve the results of its development assistance. The Agency began by formulating a clear vision of its sustainable development mission. In March of 1994, USAID's *Strategies for Sustainable Development* articulated the Agency's broad strategies and goals on the basis of an assessment of its comparative advantages, the capabilities of its partners, the availability of

resources, and U.S. national and foreign-policy interests.

The *Agency Strategic Framework*, developed in 1995, translated these strategies into explicit Agency goals, objectives, approaches, and performance indicators as a guide to programming and decision-making. By the end of fiscal year 1995, virtually all of USAID's programs had approved strategic plans with explicit strategic objectives, performance indicators, and performance targets. Mechanisms to collect and effectively use a wider range of performance information in operational decision-making were also being developed and refined.

These changes are now being reflected in and reinforced by broader Agencywide reengineering. In the fall of 1994, USAID completed a report, *Making a Difference for Development*, outlining plans for reengineering program operations in the Agency. Over the past year, this plan was translated into new policies and procedures, which USAID began implementing Agencywide last October. Plans for reengineering USAID's human resources, procurement, budget, and financial management systems were also completed in 1995 and will be implemented over the coming months.

Significant actions USAID has taken to strengthen managing for results include

1. *Fall 1994.* USAID initiated 12 Country Experiment Labs (CELs) to develop and test reengineered development assistance approaches.

2. *December 1994.* USAID issued a detailed operations reengineering plan, *Making a Difference for Development*. This plan describes new ways of planning, achieving, and judging development results by core Agency values of customer focus, results orientation, empowerment and accountability, and teamwork and participation.

3. *January 1995.* Agencywide teams began developing new policies and procedures for development assistance and began designing an automated Agencywide results information system.

4. *Spring 1995.* Regional Bureaus conducted results-oriented performance and strategy reviews for every country program. Central Bureaus (Global and Humanitarian Response) developed results-oriented program strategies and, for the first time, conducted related performance reviews.

5. *March–July 1995.* USAID conducted a series of Agencywide performance indicator workshops in each of the five program areas.

6. *May–October 1995.* Reengineering teams visited CELs to collect lessons learned from reengineering program operations in the field.

7. *Summer–fall 1995.* The Agency began conducting Agencywide training to implement operations reengineering.

8. *August 1995.* USAID issued a detailed plan for reengineering the Agency's Human Resources systems.

9. *September 1995.* USAID adopted an Agency Strategic Framework articulating explicit goals, objectives, and program approaches in each of the five program areas.

10. *September 1995.* USAID conducted Agencywide sector and budget reviews (based on the strategic framework) in each of the five program areas.

11. *September 1995.* USAID adopted Agencywide performance indicators for its goals and objectives.

12. *September 1995.* USAID put into final form policies and procedures for planning, achieving, monitoring, and evaluating results under reengineering.

Reengineering the Agency

The reengineered USAID is being built on best practices gleaned from more than 30 years of development experience. The process is specifically intended to remove unnecessary bureaucratic obstacles, streamline management and operational procedures, and concentrate program operations on achieving results. Country programs are now clearly linked to Agency goals, objectives, and approaches, with emphasis on results and performance-based decision-making. Reengineering includes redesigned procurement, budgeting, personnel, financial management, and other business systems that better serve customers and partners and better support results-oriented development. A new Agencywide management information system will enable USAID managers throughout the world to share information, collaborate on teams, and learn from each other. This system is expected to be fully operational in 1996.

Operations reengineering builds on the pioneering work of USAID's Program Performance Information for Strategic Management (PRISM) project and regional Bureau experience with strategic planning, measuring performance, and managing for results. It adds a clearer strategic management framework that ensures focus, consistency, and discipline in planning and decision-making Agencywide. Finally, it empowers employees with the authority to manage for results, while holding them accountable for the outcomes of their actions. Key features of operations reengineering include

- A clear and understandable set of Agencywide policies and procedures that infuse a consistent results-orientation and customer focus in the planning, implementation, and monitoring and evaluation of all of USAID's development activities.

- Emphasis on participation and teamwork—a recognition that USAID contributes to development by mobilizing and working through partnerships.
- An Agency Strategic Framework that articulates clear Agencywide goals and objectives and performance indicators for assessing progress toward those objectives, and that identifies the key program approaches through which USAID assistance contributes.
- Clear strategic objectives, with valid and practical performance indicators, for all operational programs.
- Logically consistent and technically sound “results frameworks” that delineate the hypotheses, assumptions, and intermediate results that link strategic objectives to activities.
- Review and analysis of results as a key element in program and budget decisions.
- Management contracts that delegate explicit authority to strategic objective teams to flexibly design and manage activities to achieve agreed-on results.
- A results information system that shares performance information openly and transparently throughout the Agency.
- More streamlined and consistent reporting. A similar annual Results Review and Resource Request, for example, provides the basis for performance reviews and budget decisions throughout the Agency.

This operations reengineering is supported and reinforced by parallel reengineering reforms in USAID’s other business systems. These include a results-oriented budgeting and financial management, more rapid and flexible procurement, and a personnel system that rewards teamwork, participation, risk-taking, and results. New guidelines for evaluating employee performance, for example, give weight to achieving results and successfully working in teams. They include

assessments by peers and subordinates as well as supervisors.

Similarly, procurement reforms build on the work of the National Performance Review to streamline administrative red tape so that goods and services can be procured more efficiently to meet the needs of our programs. This initiative enhances the transparency and integrity of procurement transactions, increases the efficiency of procurement systems, and provides clearer policies and procedures so that empowered front-line employees can make more flexible and responsive decisions.

USAID’s reengineering plans were developed with the widest possible participation from both Washington and the field. In April 1994 the Agency invited its offices to nominate themselves as experimental laboratories. Ten field units and two Washington offices were selected as Country Experimental Laboratories.¹⁷

Participation and teamwork, empowerment and accountability, a customer focus, and a results orientation—these are the key ingredients of USAID’s operations reengineering. The CELs were given the flexibility to pursue these core values and manage for results in ways that were previously impossible. By the fall of 1994 they had begun exploring creative approaches to setting objectives, implementing activities, and monitoring and evaluating performance. Their experiences were intended to help develop and test practical approaches to reengineering program operations in the Agency. Periodic status reports provided practical insight into issues such as managing teamwork, defining customers, developing customer service plans, and empowering individuals and teams. This feedback helped shape guidance and policy for reengineering all of USAID’s programs to manage for results.

Several CELs experimented with widening participation in strategic planning and implementation. Most reported that their

¹⁷ Experimental laboratories where the programs in Bangladesh, the Dominican Republic, Guatemala, Jamaica, Madagascar, Mali, Niger, the Philippines, Poland, Senegal; and, in USAID/Washington, the Democracy Center of the Global Bureau and the Intensive Reengineering Team.

Box 7.1 The New Partnerships Initiative

USAID's commitment to partnership and participation is embodied in the New Partnerships Initiative (NPI). Over a period of three months, Bureau for Policy and Program Coordination led a participatory design that included more than 120 USAID employees and outside nongovernmental partners and culminated in a comprehensive draft report and action plan for review by Senior Management. The Administrator strongly endorsed NPI as sound development policy and asked that Agencywide implementation of the initiative be preceded by an initial "learning phase" concentrated in five "leading edge" offices through October 1996.

NPI emphasizes the centrality of civil society to sustainable development and the need for active partnerships between government and a broad range of nongovernmental actors. It stresses local capacity building across sectors, and fosters efforts at the national level to ensure a supportive policy, regulatory, and resource environment for nongovernmental actors in the areas of NGO empowerment, small business partnership and democratic local governance. NPI also sets forth an expanded notion of partnership—among local groups, between local groups and their U.S. counterparts, and between USAID and a variety of development partners (including U.S. and local PVOs and NGOs, universities, cooperatives, foundations, think tanks, the business community, associations of municipal officials, and other donors).

In addition, NPI will help to institutionalize USAID's reengineering core values, encourage creative ways of doing business, and enhance the Agency's reforms as greater autonomy and responsibility is shared with our partners—guided by the principles of teamwork, accountability, transparency and participation.

programs benefited from the experiences and views of their partners and customers. Increased participation reduced barriers and increased comfort levels with host country counterparts. It also helped form new relationships based on joint planning. Greater participation served both USAID and the host country objectives, resulting in more focused

and logical strategic plans that all parties were committed to achieving.

Approaching the achievement of results through teams composed of both USAID staff and the Agency's local and international development partners reflects the Agency's reengineered vision of providing development assistance through partnership and teamwork. These partnerships include other donors, implementors, host country counterparts, and particularly the private voluntary organizations (PVOs) and nongovernmental organizations (NGOs) that mobilize an increasing portion of our development assistance.

Box 7.2 Participation and Empowerment

USAID/Mali has demonstrated unparalleled commitment to participation through empowerment of its direct hires, private service contractors, and foreign service national staff.

The Mission held an open bidding process to select strategic objective team leaders and technical personnel from within USAID. Candidates were self-nominated, and all USAID personnel, including foreign service nationals, private services contractors, and administrative staff, were eligible to nominate themselves for any position in any sector. Employees were encouraged to think synergistically about the country program strategy. They were given authority to make strategic and operational decisions about the approaches they would pursue to achieve their objectives. The responsibility for those decisions was also clearly that of the core strategic objective team and, ultimately, the Mission director.

USAID/Mali has also worked to engage its development partners early in the planning process. Internal steering committees were elected to work with external partners such as host country government counterparts, other public and private organizations, and the larger donor community. The Mission held numerous retreats to facilitate continuing exchanges between USAID/Mali staff and their partners and customers. Retreats and focus group meetings were held in both French and local Malian languages with translators provided to ensure the greatest possible local participation.

Box 7.3 Forming Strategic Objective Teams

USAID/Dominican Republic also eliminated the traditional office structure and reorganized itself into core strategic objective teams—an approach that emphasizes results. It also calls for examination and monitoring of the relationships between activities and the results they are intended to support.

The Mission felt that teamwork and empowerment have been keys to the success of its reengineering experience. These core values have been reenforced by managing for results with an emphasis on accountability. Once the decision was made to reorganize around strategic objective teams, accountability standards were defined to govern the new way of doing business.

“Strategic objective pacts” were prepared and negotiated with the Mission’s senior management. The pacts helped clarify roles and responsibilities of team members and support offices. They also provided guidelines for delegating authority and estimating resource requirements, as well as preparing work plans, procurement plans, and customer service plans.

Many of the CELs reported that working in teams, including both USAID staff and public and private partners, helped generate an atmosphere of mutual respect and shared commitment to the objectives sought. Although all the CELs formed teams for defining and managing strategic objectives, the effectiveness of these teams varied depending on country circumstances, relationships with partners, and organizational culture. Most CELs also spent a significant amount of time identifying customers and designing approaches to assess their needs.

All the CELs emphasized planning for, measuring, and managing for results. USAID’s previous experience with tools such as the logical framework and the strategic objective tree provided the basis for further

refinements. CELs found themselves taking a sharper look at causal relationships, critical assumptions, and collaborative approaches to strategic planning. Development of the *results framework*¹⁸ was based on the best of those previous strategic planning and management tools and experiences. The use of results frameworks also facilitates greater clarity in problem identification and analysis, clearer identification of customer needs, and a more explicit rationale for directing assistance to particular areas.

Finally, the reengineered system of strategic planning poses new challenges for negotiating strategic objective agreements with host country governments as well as with USAID regional Bureaus. USAID/Philippines successfully negotiated the Agency’s first such agreement with the Philippine government in the last week of fiscal year 1995.

Box 7.4 Customer Focus

In partnership with the Asia Foundation and the Bangladesh Rural Advancement Committee, USAID/Bangladesh is working to broaden participation in the democratic institutions and processes in Bangladesh for the socially and economically disadvantaged.

A rapid appraisal of customer needs was done for the democratic strategic objective. USAID/Bangladesh and its partners have worked closely to develop the Mission’s strategic plan and to implement the democracy strategy.

Managing for Results in Regional Bureaus

While the CELs experimented with reengineered ways to manage more effectively for results, USAID’s regional and central Bureaus continued incorporating performance information in program reviews and decision-making. With more strategic

¹⁸ The results framework illustrates the causal relationships between results, the development hypotheses linking these results, and the critical assumptions that must hold for results to be achieved.

Box 7.5 Building a Results Framework

USAID/Senegal and USAID/Madagascar have both spent the last six months developing results frameworks for their strategic objectives. This has involved working with both USAID staff and external partners to clarify objectives, formulate and debate alternative strategies, analyze critical assumptions, and assess customer needs.

Each Mission is developing a results framework for its natural resources management strategic objectives. Engaging partners in thinking through and identifying the development problems to be addressed, formulating the objectives to be pursued, and developing strategies to achieve those objectives has been time consuming. Successfully developing a results framework in these two CELs has involved a combination of the following skills: 1) knowledge of the sector, 2) a good understanding of the fundamental principles of USAID's reengineering, and 3) a working knowledge of the local languages to ensure the greatest possible participation of local partners.

planning and performance monitoring experience, the Bureau for Latin America and the Caribbean and the Bureau for Africa have become increasingly sophisticated at using performance information in decisions at both the country and regional levels.

The Bureau for Asia and the Near East has worked diligently to establish strategic plans and performance measurement systems for all its field offices. It has also worked to collect performance information for program reviews. Similarly, the Bureau for Europe and the New Independent States has worked intensively to modify the performance monitoring and evaluation system developed to accommodate its unique circumstances and Congressional legislation.

The **Africa Bureau** began implementing more systematic approaches to strategic planning, program performance monitoring and evaluation, and performance-based budget allocation in 1989. The resulting performance information is now being extensively used to concentrate resources for maximum

development impact. As earlier country strategic plans "expired," this year the Bureau began preparing and reviewing second-generation strategies as well as continuing to assess progress toward achieving strategic objectives under ongoing strategic plans.

The Africa Bureau used the *Assessment of Program Impact*, submitted annually, to assess country program performance. The *Assessment* provides the basis for an intensive Agencywide review of each country program and a comparative analysis of progress across countries and subregions. It provides each field unit with an annual opportunity to reflect on the results of its programs, to report to Washington on progress, and to interpret results and lessons learned to inform program management decisions.

Bureauwide budget decisions are based on both host country progress and USAID program performance. Overall country funding levels are allocated using the Bureau's performance-based budgeting system. This system enables USAID to concentrate staff and financial resources in countries where the prospects for sustainable economic growth and positive people-level impact are the greatest. The budgeting system incorporates a number of criteria such as the status of host country democracy and governance and economic performance, social and environmental policies, development need, and population size. Country assessments are conducted annually in collaboration with State Department colleagues, with adjustments made throughout the year as standards and principles are applied to changing situations.

In addition to performance-based budgeting system assessments of country performance and USAID program performance ratings from the Assessments of Program Impact, the Africa Bureau's 1997 budget submission included sector-by-sector analyses by technical staff that ranked the performance of individual strategic objectives using criteria such as progress made, level of impact achieved, and prospects for sustainability.

For the last four years, the Bureau for Latin America and the Caribbean has emphasized performance reporting and results in annual Action Plan reviews for every country

program. Performance measures and data collection systems were developed and refined to track performance and assess impact. The Action Plans are used to assess performance in achieving key intermediate results and strategic objectives and, on the basis of this performance, make future funding requests.

Performance information is also an important element in Bureau programming and budget decisions. Like the Africa Bureau, the Latin America and Caribbean Bureau last year also assessed progress toward achieving individual strategic objectives across programs. It used this information as one of the factors in determining Bureauwide resource allocations. The Bureau designed and implemented a process of ranking operating-unit performance against performance targets established in the strategic frameworks. The ranking process included an initial assessment of results, analysis of past performance, prospects of future performance, and external programming factors.

Over the past two years, the Bureau for Asia and the Near East instituted systemic changes to more fully institutionalize managing for results. The Bureau initially stressed developing formal strategic plans for all of the region's sustainable development programs, creating consistent frameworks for demonstrating results, and making management decisions for all the region's country programs. With these strategic plans in place, field offices are now completing their performance-monitoring plans. These monitoring and evaluation plans identify indicators and specify data sources and data collection methods.

At the Bureau level, performance information has become an increasingly important element in decisions about where to concentrate resources to achieve the best results. In preparing its 1997 budget submission, for example, the Bureau assessed the results achieved for every strategic objective. Each objective was first ranked on the basis of performance and results. Then the objectives were ranked by their contribution to Agency and Bureau priorities, U.S. foreign-policy objectives, and whether the country was a good development partner. Budget allocations

were adjusted to favor programs that were pursuing important objectives, achieving results, and getting results data.

To accommodate to the unique circumstance of the post-cold war era, the **Bureau for Europe and the New Independent States (ENI)** has pursued a more regional approach to programming from the beginning. The Bureau identified 14 regionwide program objectives, encompassing the principal results being pursued in all the ENI countries. These program objectives reflect the Bureau's primary emphasis on a limited range of economic, social, and political transition interventions. Individual field units selected specific country objectives from this menu.

This common set of objectives enabled the Bureau to more easily aggregate and report financial and results data to the President and the Congress, as required under its spe-

Box 7.6 Negotiating a Strategic Objective Agreement

Successfully negotiating a strategic objective agreement in the Philippines suggests a number of considerations that will have to be addressed by other field units as they develop their own agreements in other recipient countries.

First, the USAID field office will need to help the recipient country's line agency—that is, the counterpart agency with most direct responsibility for implementing the agreement. Second, the office will need to fully understand and agree with the results, targets, indicators, and benchmarks to be used in the strategic objective agreement. Third, the office must help the recipient country's negotiating agency, (typically the ministry or department of finance) overcome its apprehension about committing itself, in a signed agreement, to achieving quantifiable targets.

Finally, USAID will need to help the recipient country's government overcome its reluctance to work closely with—and to trust—its important development partners and customers, especially those with whom it has had a difficult relationship in the past.

cial legislation. Now the Bureau is also preparing strategic plans for its individual country programs, similar to those developed throughout the rest of the Agency. These strategic plans more clearly articulate the specific strategic objectives, intermediate results, targets, and performance indicators for each country. The Bureau developed pilot strategic plans and results frameworks for three Missions (Bulgaria, Kazakhstan, and Poland) by October 1995. Except for expected graduates (the Czech Republic, Estonia, Latvia, and Slovenia), formal strategic plans should be completed for all ENI countries by the spring of 1996.

The Bureau for Europe and the New Independent States has developed a distinct but compatible system for monitoring performance and measuring results. Country progress indicators traverse the Bureau's three strategic assistance areas: economic restructuring, social restructuring, and democracy-building. Semiannual reports track these indicators by country to assess regional and subregional trends and problems and are important factors in country programming and graduation decisions. The new strategic plans will link the country program objectives more closely to Agency goals, objectives, and approaches.

Managing for Results in the Field

Over the past several years, USAID's field units have worked hard to develop strategic planning and performance measurement skills and capabilities. Many programs are routinely collecting and analyzing performance data and using it in operational and strategic management decisions. Selected illustrations follow:

Impact measurement tools developed during the past year by **USAID/Guatemala** have enabled managers to more fully consider performance in revising strategies and suspending or deobligating funds. For example, the Mission altered its democracy strategy to enhance support for local NGO civic education efforts in response to slow progress in improving respect for human rights. The Mission also suspended the civilian-military

dialogue component of its Democratic Institutions project because an evaluation showed limited progress in converting to a civilian management. In another program, **USAID/Guatemala** deobligated more than \$1 million from its Highlands Water and Sanitation project when the Ministry of Health failed to meet construction and institutional targets. The funds are being reprogrammed to support better performing water and sanitation activities.

USAID/Honduras is using program performance as a key criterion in decisions about early termination of activities and reductions in project funding. For example, the Mission eliminated the financial sector component of its Policy Analysis and Implementation project and canceled its Strengthening Accountability System project when policy reform targets were not met. Conversely, all the Mission's new or reoriented projects build on previous or currently successful efforts and draw on evaluation findings and performance studies for program planning. This is illustrated by **USAID/Honduras's** decision to support establishment of a commercial bank providing small business financial services based on an assessment of successful institutions involved in the Small Business II project.

During the past year, numerous programs reported on how performance data helped them modify program strategies to achieve greater results. Performance monitoring by **USAID/Zimbabwe** on agricultural liberalization, for example, showed that actual results were exceeding targets. This information prompted the Mission to reorient the strategic objective to give more attention to sustainable environmental resources management.

In contrast, performance monitoring by **USAID/Ghana** revealed that expected results in basic education were not being achieved because of incorrect assumptions about the quality of existing educational systems and overambitious performance targets. Sharing this information with the host government and other development partners triggered a top-to-bottom reassessment of primary education in Ghana. This resulted not only in major adjustments to USAID's

program but also in formulation of a new government strategy for improving primary education in Ghana.

USAID/Bangladesh discovered that engaging its customers in a participative approach to development planning has had an enormous influence on how managers make decisions at both the strategic and operational levels. Several mechanisms were used to obtain customer feedback, including rapid appraisals of the condition and needs of the rural poor. This customer feedback led to a dramatic shift in the design of the Mission's Democracy and Governance Program. Periodic follow-up appraisals are being used to evaluate impact and are continuing to influence both strategic and operational decision-making.

The Agribusiness Systems Program in **USAID/Philippines** consisted of two components: one directed toward policy dialogue with the government, and the other concerned with strengthening private sector agricultural (marketing) institutions. The original design provided for \$55 million in policy tranches and \$25 million in more traditional project assistance. When the Philippines Department of Agriculture fell behind its schedule for implementing policy reforms, particularly in trade, USAID suspended its performance-based disbursements. Because an evaluation indicated that resources channeled to private advocacy groups were highly effective in educating legislators and local farm groups on the benefits of free trade, the Mission decided to reprogram all remaining funds toward strengthening private sector advocacy groups and providing marketing support to businesses.

As these advocacy groups gained strength, many began pressuring the government to make additional trade reforms. Their lobbying for ratification of the General Agreement on Tariffs and Trade, for example, resulted in significant tariff reductions. Ultimately, the Philippine government made even more agricultural policy reforms than had been anticipated in the original program design. USAID/Philippines success in strengthening advocacy organizations as a stimulus for policy reform is now being replicated in other programs.

USAID/Brazil incorporated the findings of recent epidemiological studies in deciding to redirect its efforts to reduce the rate of sexual transmission of HIV infection. HIV/AIDS is now the leading cause of death among women of reproductive age in São Paulo. On the basis of this information, USAID/Brazil decided to shift attention from its original HIV/AIDS target, men away from home, and instead to concentrate project resources on activities targeting women.

Managing for Results in Central Bureaus

Over the past year, the **Bureau of Humanitarian Response** and the **Bureau for Global Programs, Field Support, and Research** both pursued intensive. Bureauwide strategic planning and performance measurement efforts that have substantially strengthened their ability to manage their programs for results. All the Humanitarian Response Bureau offices, for example, now have strategic plans with explicit objectives, targets, and indicators. Progress has been especially noteworthy in the Bureau's Food for Peace programs. Over the past several years the Food for Peace office has upgraded and refined guidelines and systems for monitoring and evaluating Titles II and III feeding programs, including establishment of specific benchmarks and indicators.

Title II guidelines also encourage cooperating PVOs to emphasize performance monitoring in their own operations. This includes assessment of food security issues; a considered selection of interventions based on the PVOs' resources and comparative advantages; efficient, targeted delivery of inputs; and measuring impact to manage for results. The performance information provided by these PVOs, in turn, is helping USAID manage all of its Food for Peace programs more strategically in achieving food security. A much closer partnership now exists with PVOs and cooperating sponsors in designing program strategies and performance indicators to measure the impact of food aid and the Agency's contribution to food security.

The Asociación Benefica Prisma (PRISMA), for example, is a small PVO that specializes in maternal/child health and nutrition interventions in extremely poor communities in Peru. With USAID's encouragement, PRISMA designed a unique risk selection instrument to identify the most needy and malnourished children and to help target Title II resources. Although the impact of health and nutrition projects is often difficult to assess, PRISMA's careful investments in user-friendly, field-based monitoring and data collection systems have helped the PVO target its interventions, reducing acute malnutrition among the poorest children by 43 percent.

Last year, each of the **Global Bureau's Centers** and the **Women In Development Office** prepared strategic plans that were reviewed and approved in early May. The plans detail each Center's objectives and how they contribute to USAID's goals.

Field support budgets have been established for each Center. Agreements have been completed, with program staff outlining how these field support funds will be used in each country. To further strengthen these partnerships, the Global Bureau Centers are also modifying their portfolios to increase operational efficiency and facilitate field access. The collaborative relationship between the Global Bureau and the field is strengthening further as Bureau representatives begin serving more actively on field-based strategic objective teams.

All the Global Centers encourage program integration in the field and are working to strengthen program integration and increase collaboration with the field. For example, USAID's Regional Housing and Urban Development Office in India and Global's Population, Health, and Nutrition Center are building the capacity of an indigenous Indian organization to advise state and municipal governments on environmental investment priorities based on assessments of health risk and technical feasibility. Similarly, the Regional Housing and Urban Development Office in Tunisia is working with the Population, Health, and Nutrition Center and the Women in Development office to improve local diagnosis and management of environmental health problems.

In 1995 the **Management Bureau** and the **Bureau for Program and Policy Coordination** (PPC) continued to collaborate closely and effectively in stimulating, facilitating, and leading the Agency's efforts to manage more effectively for results. PPC, for example, coordinated development of Agency Strategic Framework, led Agency-wide sector reviews, convened Agencywide indicators workshops, developed core Agency indicators, drafted new performance measurement and evaluation policies and procedures, helped implement reengineering training, and joined in a wide range of reengineering task forces and working groups. PPC also helped craft a new results-oriented Congressional Presentation, led planning for the New Partnership Initiative, and implemented revitalized and results-oriented Impact Evaluations.

While participating in many of these activities, the Management Bureau also led the overall reengineering effort, coordinated development of new management and information systems, designed and managed reengineering training, and successfully reengineered nearly all of the Agency's business support systems. Working together, the Management Bureau and the Bureau for Program and Policy Coordination provided much of the motive force for USAID's overall progress in managing for results as an Agency.

Managing for Results as an Agency

During the past year, USAID also took a number of steps to improve its ability to manage programs strategically to better achieve results as an agency. The Strategic Framework reflects USAID's four sustainable development goals and its commitment to humanitarian assistance. The Framework identifies the Agency objectives that underlie each of these goals, as well as the specific program approaches through which programs contribute to Agency-level results. The Framework articulates the Agency's program priorities and has been one of the strongest tools developed to help USAID better manage for results. In the field, the Framework

has provided country programs with guidelines to more clearly focus their strategies and objectives to be consistent with broader Agency priorities and policies.

In addition to adopting the Agency Strategic Framework, USAID identified a core set of indicators for Agency goals and objectives to assess development performance in and across country programs. These indicators, along with other country performance information, enable the Agency to analyze country performance trends, set program priorities, develop country "graduation" criteria, and establish performance targets and benchmarks. These will also help the Agency allocate resources across countries and program areas.

During the spring of 1995, all of the regional Bureaus conducted formal reviews of their country program strategies. They also assessed their progress toward achieving key intermediate results and strategic objectives. While the format for these reviews varied somewhat across regions, results were a factor in program and budget decisions in all cases. Last summer USAID also conducted reviews of Agencywide performance for each of the five Agency goals based on the new Agency Strategic Framework. The results of these sector reviews contributed to Agencywide decisions about program priorities and resource allocations.

A database encompassing trend data for the Agency indicators is being developed. The prototype relies primarily on secondary data available from international organizations such as the World Bank and World Resources Institute. These data are being compared with program priorities at the Agency goal, objective, and approach levels. They are analyzed on a periodic basis to establish sector, country, and regional trends. When fully developed, the indicator database is expected to become part of the Agency's corporate information system, with data available for analysis in both Washington and the field. These data are already helping USAID assess country-level performance to make more informed policy, programming, and budgeting decisions.

Lessons Learned and Challenges for the Future

USAID's efforts in strategic planning and performance measurement over the last five years have provided operational managers with most of the tools and skills needed to manage for results. Indeed, most of the Agency's progress has been built on the best practices developed by the Agency's program managers themselves. However, USAID's transformation into a results-oriented agency is far from complete. The Agency must still overcome significant challenges in collecting and analyzing performance data before it can consistently and effectively manage for results across all its programs and activities.

USAID works in many countries and regions, with different levels of resources, toward diverse ends. Many results the Agency seeks are long term, with year-to-year progress influenced by numerous confounding factors. The breadth of USAID's programs, the ambitiousness of USAID's goals, the complexities of development, and the high levels of external scrutiny necessitate significantly more performance monitoring than would be required of most comparably sized agencies. No single set of objectives, indicators, and data sources could sufficiently meet all the Agency's performance monitoring needs.

Despite progress in getting and using performance information, USAID needs more and better monitoring and evaluation. More than half the Agency's operational programs still lack current performance monitoring data. Many programs track too many indicators, and these indicators are far too diverse. Country programs still need to redefine objectives, select more appropriate performance indicators, and establish better data collection and analysis systems. They need continued technical support from the Center for Development Information and Evaluation, the Global Bureau, and other Washington offices in developing performance monitoring and evaluation systems and get-

ting and using appropriate performance information to make management decisions.

These are technical and operational challenges that USAID can meet. However, one of the most important lessons the Agency has learned is that simply having the tools and technical skills needed to manage for results is not enough. Employees must also have the authority, responsibility, and flexibility to make decisions based on performance. They must have budget, financial management, procurement, and other business systems that enable them to allocate and manage resources and acquire the goods and services needed to achieve results. Finally, staff must have incentives and rewards that motivate them to achieve results and take

sensible steps to meet the needs of our customers.

Perhaps the greatest challenge USAID faces in the coming years is making reengineering work the way it is intended. This involves not merely changing our business systems but also developing an organizational culture that realizes the core values of partnership and teamwork, empowerment and accountability, and customer focus. USAID must, above all, become a learning organization that builds on the lessons of both our successes and failures, advances U.S. national interests, and makes the greatest possible difference in achieving development results.